

## **Idaho Public Utilities Commission**

Case No. PAC-E-13-05, Order No. 32890

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Contact: Gene Fadness (208) 334-0339, 890-2712

Website: [www.puc.idaho.gov](http://www.puc.idaho.gov)

### **PacifiCorp plans to acquire most new generation from energy efficiency**

Regulators have accepted a long-range planning document from PacifiCorp, the electric utility that serves eastern Idaho but, at the same time, the Idaho Public Utilities Commission urges the utility to increase its efforts toward energy efficiency and demand reduction in the face of increasing coal costs.

Environmental groups claimed PacifiCorp, which does business as Rocky Mountain Power in eastern Idaho, Utah and Wyoming, did not take into account additional capital investment in coal plants they claim will be needed to meet federal environmental regulations.

Part of PacifiCorp's long-range plan is to install emissions control equipment at three of its coal plants – Hunter Unit 1 near Castle Dale, Utah, and Jim Bridger Units 3 and 4 near Point of Rocks, Wyo. The utility also plans to convert the Naughton Unit 3 coal plant near Kemmerer, Wyo., to a natural gas-fired facility. The Snake River Alliance and the Idaho Conservation League claim PacifiCorp ignored their repeated requests to include the costs of the coal plant retrofitting that may be needed to meet the draft regional haze rules. Including those costs would make alternatives, such as increased emphasis on energy efficiency and demand reduction more attractive, the groups claimed.

PacifiCorp projects it will meet 67 percent of its future generation needs through energy efficiency, acquiring 953 megawatts within the next decade. Other projected resources include 140 MW of solar generation, 12 MW of combined heat and power and between 650 and 1333 MW of market power purchases. The company anticipates more market purchases because wholesale power and natural gas prices are down significantly due to the expansion of shale gas exploration in North America.

Without these additions, the company anticipates a system capacity deficit of 824 MW starting this year, increasing to 2,308 MW in 2022.

The Idaho Public Utilities Commission requires the state's regulated electric and gas utilities to file an Integrated Resource Plan (IRP) that project resource needs over the next 20 years and how the utilities plan to meet those needs in a way that provides reliable service at the least cost for customers. Acceptance of the plan does not mean all the projects included are adopted. The plan is updated every two years to account for changing circumstances.

The commission said it "offers no opinion" on the company's preferred resource choices. However, the commission did say that while forecasting coal costs is "fraught with failure and uncertainty," it seems likely that the Environmental Protection Agency will impose additional

regulation on fossil-fueled generation such as coal and natural gas. “In light of this contingency, it appears to be in the best interest of the company and its customers to continue to evaluate and devote more focus on the development of alternative energy resources.”

The commission directed the company to increase its efforts toward achieving higher levels of energy efficiency and demand reduction. “Instituting cost-effective energy efficiency measures that reduce customer demand benefits everyone. Such measures can obviate the need for new generation resources and thereby decrease the constant upward pressure on energy pricing.” Efficiency programs “are almost always preferable” to building new natural gas plants or buying power from the market, the commission said.

In its six-state territory, PacifiCorp anticipates average load growth of 1.1 percent per year. In Idaho, however, expected annual growth is 0.57 percent. The company does not anticipate significant load growth in its Utah, Idaho and Wyoming territory primarily because of load request cancellations in Utah and Wyoming caused by “prolonged recessionary impacts and permitting issues.”

The utility also plans to increase generation with expanded transmission that will allow it to dispatch resources more efficiently and improve reliability. Completion of the Windstar to Populus transmission project, from Glen Rock Wyo., to Downey, Idaho, is slated to bring more wind generation. In its comments, commission staff said there are indications that the need for the transmission line could be offset by accelerating efficiency and demand response programs and encouraged the company to consider the issue further.

Because of slower than normal load growth, the company has deferred addition of a major generation resource until 2024 when it expects to add a 432-MW combined-cycle natural gas plant and 432 MW of wind generation.

The Idaho Conservation League claimed that PacifiCorp’s “arbitrary and unexplained discounting of future carbon costs can expose customers to substantial risk.” The Snake River Alliance questioned the need for the utility to upgrade and retrofit its coal plants and believes the company relies too heavily on uncertain market transactions in lieu of buying power from renewable resources.

PacifiCorp’s largest customer, Soda Springs-based Monsanto, claims the company intentionally designed the IRP process to be overly complex so as to discourage participation. PacifiCorp hosted 15 public input meetings before finalizing the plan.

The commission’s order, copies of the plan and customer comments are available on the commission’s Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) Click on “Open Cases” under the Electric heading and scrolls to Case No. PAC-E-13-05.

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